

Newsletter

June 2018

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Tax Newsletter Volume 2

This circulation provides you with updates on recent tax developments in Malaysia. In this edition, we highlight recent guidance published by the Malaysian Inland Revenue Board ("**MIRB**") on the tax treatment for digital advertising. We also discuss developments relating to the reduction of the GST rate and the anti-profiteering rules.

You may select and click articles to read a more detailed version.

We hope that you find these updates useful. Please contact us if you have any queries or require any assistance.

Direct Tax

Practice Note on tax treatment for digital advertising

On 16 March 2018, the MIRB published Practice Note No. 1/2018 to provide guidance on the withholding tax implications for digital advertising income of non-resident providers. [Click here to read more.](#)

Legal Privilege – Request for client information from law firms

On 2 April 2018, the High Court ruled that any book, account, statement or other record prepared or kept by lawyers in their matters with clients are protected by legal privilege. The Director General of Inland Revenue cannot rely on Section 142(5)(b) of the Income Tax Act 1967 to lift legal privilege afforded as protection for taxpayers. [Click here to read more.](#)

Clarification on tax audits

The MIRB has issued a revised Tax Investigation Framework dated 15 May 2018, which replaces the prior Tax Investigation Framework dated 1 October 2013. The 2018 Framework sets out the rights and responsibilities of MIRB officers and the taxpayer in the course of a tax investigation. [Click here to read more.](#)





Malaysia's response to BEPS Action 5

The Malaysian Government has been undertaking work to review Malaysia's tax incentives regimes for compliance with BEPS Action 5 (Countering Harmful Tax Practices). According to the 2017 Progress Report on Preferential Regimes, the Malaysian Government has committed to amending the features of Malaysia's regimes which are of concern. [Click here to read more.](#)

Goods and Services Tax (GST)

Reduction of GST rate from 6% to 0%

In line with the new Malaysian Government's pledge to abolish the GST regime within 100 days of coming into power, the GST rate for standard-rated supplies has been reduced from 6% to 0%, effective from 1 June 2018. [Click here to read more.](#)

Updated anti-profiteering rules

Following the reduction of the GST standard rate from 6% to 0%, the Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit) Regulations 2018 was published in the Federal Gazette. The regulations prescribes a specific formula for the determination of unreasonably high profit for the purpose of the Price Control and Anti-Profiteering Act 2011. [Click here to read more.](#)

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